

Domestic waste management charges - Discussion Paper

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Question	Response
Feedback and Submission Form	
Industry	Local Government
Review	Review of domestic waste management service charges
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<p>1. Are there concerns with the prices councils charge for domestic waste management services? Why/why not?</p>	<p>Georges River Council has concerns with external factors that are largely outside Council's control and have a high impact on the Domestic Waste Management (DWM) charges. These external factors include the State Government Waste Levy, decreases in Government funding, urban density, recycled material end markets and complexity in servicing high density metropolitan areas. Increases in the State Government Waste Levy is a primary driver of the increase in Domestic Waste Management (DWM) charges. In the last 10 years, the waste levy has dramatically increased by 150%, from \$58.80 per tonne in 2009-2010 to \$146 per tonne in 2020-2021. As a flow-on effect, Georges River Council is forced to increase DWM charges each financial year. The higher cost of recycling processing technologies, urban densification and the complexities and frequency of servicing large-scale developments (which are rapidly increasing throughout the Georges River LGA), challenges of tailoring services for a range of dwelling types, and compromised end markets for recycled materials have also contributed to the increase in DWM charges. These include the China Sword Policy, NSW Container Deposit Scheme (CDS), changes in waste and recycling processing services and available technologies, NSW Government regulations and increased waste monitoring and reporting requirements, contract contamination penalties, council amalgamations, delays in state-wide investment in facilities and the 20YWS and, more recently, COVID-19. Since 2013, the NSW Environment Protection Authority (EPA) has provided funding to levy-paying councils for waste management and resource recovery activities through the Waste Less Recycle More program. This funding has decreased by 43% from \$68.8 million (2013-2016) to \$39 million (2017-2021) over the last two four-year cycles even while the waste levy has significantly increased. Further, this funding is often restricted in its use and as such, cannot always be used to fund or rectify the issues resulting in increasing DWM charges.</p>
<p>2. If there are concerns, how should IPART</p>	<p>If regulation improves the current volatility of</p>

respond? For example, if IPART was to regulate or provide greater oversight of these charges, what approach would be the most appropriate? Why?

external factors on the DWC, this would be supported. However, if regulation added further costs in councils having to manage compliance and additional external factor that prohibit councils flexibility in managing costs and meeting community demands, this would not be supported.

Self-regulation is preferred, though inclusion of how the charge is set based on a sector wide framework within the financial statements, though Georges River Council does support improving the transparency of the charge and complexities in calculation to improve community awareness of what the charge provides for and how it is calculated.

IPART regulating DWM charges may not be the most efficient approach because it would add another layer of complexity and resource-intensive data collection and reporting to a system that is already regulated. IPART could benefit from further understanding the waste management industry and reporting requirements after initial consultation with the NSW EPA for example.

IPART's benchmarking for the purpose of standardising DWM charges would require the ability to compare different waste service levels, housing type, density, accessibility, waste streams and bin capacity between councils. This would be a fraught and resource-intensive undertaking that is unlikely to provide a complete and equitable picture of the different requirements and services needed in each LGA.

Creating a one-way approach does not take into consideration the different requirements of each LGA and could remove commercial-in-confidence and competitive pricing restrictions that Georges River Council is bound under contract to protect.

Councils set their strategic direction and waste service levels using waste and recycling strategies and management plans. These plans are normally adopted by elected councils and are reported on as part of the Integrated Planning & Reporting (IP&R) Delivery and Operational Plans. Georges River Council places a high importance on meeting the communities' expectations and service levels, which includes:

- increasing resource recovery rates and targets

- increasing and expanding the service offering (to include Food Organics, Garden Organics collections (FOGO) for example), and,
- removing illegally dumped waste at improved (faster) intervals than ever before.

As a result, Council is in the processing of finalizing a 20 year Georges River Council Waste Strategy which will in early 2021 be adopted by elected officials, after a thorough community consultation program ceases at the end of September 2020, allowing community feedback on the strategic direction. During this process, FOGO has been particularly supported by the community. Changes in Georges River Council's future waste contracts, including the potential for the NSW Government to mandate FO and/or FOGO collection services or the elected officials representing Georges River in early 2021 through adoption of the Georges River Council 20 year Waste Strategy, will increase DWM charges due to the need for increased infrastructure, contract and education investment, higher collection and processing costs, population growth, changes in dwelling type and urban densification.

Council amalgamations have also affected the Georges River Council DWM charges. There are two legacy DWM charges from pre-amalgamated councils (former Hurstville and Kogarah) who offered different services, namely collection frequency, bin sizes and arrangement for bulky waste (kerbside) collections.

In the Georges River area, the increasing proportion of multi-unit dwellings (MUDs) is increasing the cost of tailored waste and recycling services. For example, smaller rigid trucks that are restricted in height to access basement or underground carparks in MUDs where kerbside collections are not possible are often required to provide essential waste services yet add considerable cost to a collection contract given their reduced efficiency.

Councils are also responsible for managing increasing volumes of residential litter, illegally dumped clean-up collections and bulky waste services for MUDs. These challenges illustrate the difficulties in comparing or benchmarking services and fees between

councils with different service offerings (i.e. apples for apples).

To meet community expectations for cost-effective services, Georges River Council has in the past maximised efficiencies through minimising the travel distance of trucks by sharing collection fleet capacity across domestic and non-domestic services with neighbouring Council's. Further, Council actively participates in a number of shared regional contracts through the Southern Sydney Regional Organisation of Councils (SSROC). Therefore any approach considered by IPART must be cognisant of the unique ways in which waste must be managed across unique geographic areas.

3. Would an online centralised database of all NSW councils' domestic waste charges allowing councils and ratepayers to compare charges across comparable councils for equivalent services (eg, kerbside collection), and/or a set of principles to guide councils in pricing domestic waste charges, be helpful? Why/why not?

It would be useful to understand methodologies used by other councils to develop their DWM charges. For any changes, consideration is recommended of the risk with publishing a DWM charge comparison tool; in that it could potentially lead to the politicisation of the DWM charge and associated waste services by parties who do not fully understand how they work. Politicisation may result in the DWM charge being set too low and not covering the cost of service, resulting in rates income covering cost which would contravene the relevant legislation. Any comparison tool or central database would need to explain the complexity of the charge and reasons for variation, as it would mainly increase queries for Council as to why the charge is different.

Instead, Council recommends the following:

- Provide a revised list of specific pricing principles for DWM charges aligned with councils' waste strategies and the NSW 20YWS as the current guide is ambiguous and often requires an auditor's interpretation. The Local Government Act is ambiguous about DWM charges, and LGNSW nor OLG can assist with interpretation. Further, legal advice provided is often contradictory and not uniform.
- Broaden recycling activities to include waste avoidance and reuse consistent with the waste hierarchy. We recommend collaborating closely with the NSW EPA and Department of Planning Industry and Environment (DPIE) teams leading the development of the 20YWS to ensure that the list of items reflects the

priorities outlined by the NSW Government. For example, the 20YWS Issues Paper indicates that waste avoidance and circular economy principles will underpin the 20YWS; therefore, the list may need to be expanded to include these activities and given these activities attract greater cost, the relevant consideration be made for potential increased cost accordingly.

- Work with the private market and other bodies (such as the Australian Packaging Covenant Organisation) to work upfront on waste avoidance – Council's must charge the community to remove the waste that the community generates. If the community generates less waste (purchased through the private market) costs may reduce inline with reduced waste generation rates.
- Provide clearer guidelines and definitions on how councils should calculate DWM charges and on what overhead costs are covered.

4. Do you have any other comments on councils' domestic waste management charges?

The following pricing issues, along with the comments above should be considered in the potential development of a pricing framework :

- Pricing is not the only factor used to determine DWM charges
- LGA demographics affect how DWM charges are calculated
- Community needs and expectations inform waste contract and service delivery design
- Councils may require specialised vehicles or services with different maintenance and running costs to provide services for portions of the community
- Council's Waste Strategy, political agendas and state targets for resource recovery demand services to be provided.
- Council's billing, financial reporting, customer service, communications, risk management, record management and IT framework may vary to other Council's

Council is confident that the current cost recovery is efficient and that cost drivers are not the only factor in considered in the DWM charges establishment. Other contributing factors include:

- The type of domestic waste service provided to ratepayers
- Efficiency, including best value and a holistic approach suited to the services most

appropriate to the LGA

- Quality of service in collecting ratepayers' bins on time
- Maximising diversion from landfill and resource recovery
- Future investment in waste management capital infrastructure
- Managing any large external factor cost volatility
- Volume of queries and dwellings
- Complexity of urban density and service provision
- Complexity of service offering
- The cost the community is willing to pay to get a good service (bins timely emptied, high rates of recovery, low levels of administrative management and ongoing costs).
- Service levels based on a council's billing, financial reporting, communications, risk management, customer service, record management and IT framework

Another point to consider is that a cheaper external contract may result in higher corporate costs due to:

- Higher volume of complaints which flow on to customer service and internal management and resolution processes
- Increased internal waste team size and overheads to manage contract implications
- Brand and reputation management due to poor service.

The discussion paper refers to 'length of contracts' as a potential barrier to achieving an efficient cost. The NSW EPA has stipulated as a guideline for receiving Better Waste and Recycling Funds that councils are not able to enter into a landfill disposal contract for more than 5 years. This does not provide certainty in the market, especially with the recent revocation of the exemption on Mixed Waste Organic Output (MWO). Local government is relying on the NSW EPA to waive the Section 88 levy on material going through an Alternative Waste Treatment (AWT) facility. Georges River Council was not able to budget for this added cost when the DWM charges were set inline with the current contract.

5. Which Council do your comments relate to?	Georges River Council
Your submission for this review:	As per above

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